



Irish Life Weekly Investment Bulletin

The week that was – WEEK 39 2018 (ending 28/09/2018)

“Experience is knowledge. All the rest is information.” – Albert Einstein

Irish retail sales up 2.6% y-o-y in August – The Central Statistics Office reported that seasonally adjusted retail sales volumes rose by 2.6% on an annual basis in August and 4.0% y-o-y excluding motor sales. The largest monthly sector increases were Other Retail Sales (+7.3%) and Food, Beverages & Tobacco (+2.9%).

Eurozone headline inflation hits 2.1% y-o-y in September – The latest inflation report from Eurostat shows headline inflation expected to rise to 2.1% in the year to September (2% in August) aided by higher oil prices. The ECB targeted rate is just below 2%. Core inflation (which excludes energy and food prices) is 0.9%.

Global stock market down 0.3% on the week – The MSCI AC World TR Index showed a -0.31% return from 21st September to 28th September, with concerns about a larger than expected Italian budget deficit and global trade. The Vix (CBOE Volatility Index) closed the week at 12.12, increasing from 11.68 over the week.

Fed increases U.S. interest rate by 0.25% – As expected, the Federal Reserve announced its third interest rate rise of the year when increasing its federal funds rate by 0.25%, making the new range 2.00% to 2.25%, its highest level in 10 years. They also increased their forecast for U.S. economic growth this year to 3.1%.

Italy's coalition government agrees 2019 budget deficit aim of 2.4% – The economy minister Giovanni Tria agreed to a wider-than-expected 2019 budget deficit goal of 2.4%, which is technically within the 3% EU debt limit but triple what the previous government had planned. The European Commission may reject the budget as a result.

UK consumer confidence in September drops further – GfK's Consumer Confidence Index declined by two points in September compared to August, dropping even further into negative territory. The Index currently stands at -9 and it has not been in positive territory since January 2016, when it reached a figure of +4.

The Story of the week: Joshua Mason had sought a scenic, isolated place to propose to his girlfriend, Katie Davis, both from Texas, so they hiked up Jasper Peak in Colorado. Katie accepted his surprise proposal but the romantic event was marred somewhat when they got lost. They were found by a man camping nearby. Joshua, 27 and Katie, 28, were both showing signs of altitude sickness and dehydration when they were found. According to Boulder County Sheriff's Office they had no cold weather gear and only a little water when getting lost as it got dark.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 28/09)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	6.0
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-6.0
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	1.0
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	-0.6
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	10.6
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	16.6
Nikkei 225	56.7	7.1	9.1	0.4	19.1	6.0
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-4.8
Eurozone Government Bonds 1-5 yr	2.1	3.4	1.0	0.9	-0.2	-0.9
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	3.1
German	1.9	0.5	0.6	0.2	0.4	0.5
UK	3.0	1.9	1.9	1.2	1.2	1.6
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	1.0
Italy	4.1	2.1	1.6	1.8	2.0	3.1
Greece	8.2	9.6	7.9	7.1	4.1	4.1
Portugal	6.1	2.7	2.5	3.8	1.9	1.9
Spain	4.1	1.6	1.7	1.4	1.6	1.5
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.75
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.25
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.16
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.89
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.30
IPD All Property Return % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD
Ireland	12.3	36.1	25.1	12.6	8.1%	5.5% (To end of Q2)
U.K.	10.9	17.9	13.3	3.6	10.3%	3.7% (To end of Q2)
U.S.	11.6	11.5	12.5	7.7	7.1%	3.7% (To end of Q2)

*Past performance is not a reliable guide to future performance and may fall as well as rise.